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13 June 1966

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## INTELLIGENCE REPORT

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## 2. MOROCCO

King Hassan II, in the year since he resumed the Moroccan premiership, seems to have come no nearer to solving Morocco's economic difficulties. The government, already faced with massive unemployment and underemployment, now anticipates an unusually low agricultural yield as a result of prolonged drought and is seeking breadgrains from the US and France to feed the people this winter.

The chief elements supporting Hassan are the continued prestige and legitimacy of the Alaouite dynasty, effective military and security forces under his close personal control, and the oligarchies which benefit from the existing order. There is widespread grumbling, but the majority of the opposition recognizes that no other individual or institution could replace the King as a symbol of the nation and thus is not anxious to see the monarchy end. Parliament, suspended in April 1965, has not been reconvened.

Hassan's most pressing concern is Algeria's growing military strength. He fears that the Algerians may seek revenge for the drubbing Moroccan forces gave the Algerian Army during the 1963 border conflict. The Moroccans estimate Algeria's over-all military equipment superiority as seven to one. They have asked the US for \$14 million worth of heavy military equipment in addition to the squadron of F-5 aircraft which will be delivered starting this fall.

To counter the alleged Algerian threat, Morocco has sought closer ties with the West and with moderate African and Arab states. Hassan has turned increasingly toward the US and Germany for help as relations with France have gradually deteriorated. Hassan is uneasy over De Gaulle's apparent preference for Algeria, resents France's demand that he dismiss his minister of interior for involvement in the Ben Barka kidnaping, and is troubled over delays in resolving outstanding economic problems with France. Although concerned about the Communist threat to Africa, Hassan has recently stepped up Moroccan contacts with the USSR somewhat and plans to make a long-delayed trip to Moscow later this year.

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### 3. URUGUAY

Three plans for constitutional reform have been approved for submission to the voters in Uruguay's November general elections. The legal requirements for electoral approval are such that unless one of the two major parties wins a landslide victory of nearly two to one--which is unlikely--no single plan will get the required majority. The public demand for reform is great, however, and if it should be frustrated, political stability could be jeopardized.

All three plans--sponsored respectively by the ruling Blanco Party, the opposition Colorado Party, and the Communist Party--propose to substitute a president for the present weak and divided nine-man executive. The two traditional parties differ, however, on other aspects of reform such as prepayment for expropriated land and bipartisan representation on autonomous agency boards. Many entrenched politicians in both parties wish to continue the system of bipartisan office holding, which assures them patronage privileges even when they lose elections. Although they pay lip service to reform, their behind-the-scenes opposition may well help to kill it.

Only a bipartisan project would seem able to overcome the obstacles and win approval. The Colorados, however, believing that they are likely to win control of the government in November and can then put their plan through the legislature, may refuse to compromise. The US Embassy believes that unless the two traditional parties agree on a bipartisan approach to reform, potential voter disillusionment could result in a windfall protest vote for a Communist united front. Communist leaders are elated at getting some 225,000 signatures on the petition to put their reform proposal on the ballot. They hope to convince at least some of the signers to support their candidates at the polls.

Politicians of the traditional parties did not expect the Communist success in collecting signatures; they believe that the two major parties will always control Uruguay, and they discount the threat and capabilities of the Communists. Unless the politicians can subordinate personal and political advantage to the national welfare, reform will fail in November. Although constitutional reform is not a panacea for the nation's ills, continuation of the present governmental system--which has fostered economic and political deterioration--seems sure in the long run to benefit only the Communists and the far left.

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#### 4. ARGENTINA

The recent wave of rumors of a possible move to overthrow the Illia government in Argentina points up the increasing impatience among Argentina's military over the pace of the government's progress in solving the nation's most pressing economic and political problems.

Although the top military leaders in all three services are considered "constitutionalists"--those who favor civilian rule and military subordination to elected officials--they have become disturbed by the series of strikes that have plagued the country in recent months. They also fear that the Peronists, about a third of the electorate, will be able to gain control of the Congress in elections scheduled for March 1967.

Despite government gains in reducing inflation and the foreign debt, some military officers see the Illia administration basically as a lethargic, do-nothing government. Several high-ranking generals have made it clear that they favor Illia's ouster.

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Illia's political opposition has seized on military dissatisfaction and appears to be encouraging the generals to throw out the present administration.

Illia has reacted strongly to the threat of a military coup. He has made several speeches indicating that he intends to prevent military intervention and on 10 June called an unprecedented working meeting of the cabinet. Several resolutions emerged from the meeting that may well mollify the military and put an end to the present crisis.

However, the military consider themselves the final arbiter in Argentine politics. Although they may feel that this particular battle is over--with more or less satisfactory results--they will probably continue their pressure on the government.

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